

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 PRS-01 SPC-03 FEA-02 OMB-01 SAM-01

INRE-00 SSO-00 NSCE-00 USIE-00 DRC-01 /158 W

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O 201500Z FEB 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 2781

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E.O. 11652 N/A

TAGS: EIND, ETRD, VE

SUBJ: US FERROUS SCRAP AND VENEZUELAN IRON PELLET EXPORTS

REF: STATE 29676

1. CURRENT RESTRICTIONS REGARDING EXPORTS OF PRE-REDUCED IRON PELLETS AND BRIQUETTES ARE CONTAINED IN JOINT MINISTRY DEVELOPMENT/ MINES RESOLUTION DATED JANUARY 18, 1974 WHICH APPEARED IN OFFICIAL GAZETTE OF JANUARY 21. UNOFFICIAL AND PARTIAL TRANSLATION OF RESOLUTION FOLLOWS: QUOTE. ARTICLE ONE - COMMERCIAL IRON ORES, USED BY STEEL PLANTS LOCATED IN THE COUNTRY, OR BY PLANTS WHICH APPRECIABLY INCREASE THE IRON CONTENT OR PHYSICAL PROPERTIES OF THE ORES BY SPECIAL PROCEDURES ARE DECLARED ARTICLES OF PRIME NECESSITY. ARTICLE TWO - PERSONS WHO PROCUCE IRON ORE ARE OBLIGED TO SUPPLY THE PLANTS LISTED IN ABOVE ARTICLE WITH THE QUANTITIES WHICH THEY REQUIRE FOR THE PURPOSE OUTLINED IN SAID ARTICLE AND AT FOLLOWING MAXIMUM PRICES BY UNIT OF IRON PER METRIC TON. UNQUOTE.

2. HOWEVER, EVEN PRIOR TO ABOVE RESOLUTION, ORINOCO MINING

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COMPANY RECEIVED A LETTER DATED OCTOBER 16, 1973 FROM THE MINISTER

OF MINES WHICH CONTAINS FOLLOWING INFORMATION AS TRANSLATED:

QUOTE. I WISH TO INFORM YOU THAT DUE TO RESTRICTIONS IMPOSED ON THE EXPORTATION OF SCRAPMETAL ON THE PART OF SEVERAL NATIONS WHICH TRADITIONALLY HAVE SUPPLIED THIS RAW MATERIAL TO VENEZUELA, THERE IS NOW A DEFICIT OF METALS NEEDED BY THE NATIONAL INDUSTRY.

IN VIEW OF THIS SITUATION, THE NATIONAL GOVERNMENT CONSIDERS THAT THE PRODUCTION OF BRIQUETTES SHOULD BE DESTINED, PRIMARILY, TO SATISFY

THE INTERNAL NEEDS OF THE COUNTRY. AS A CONSEQUENCE, I WISH TO SUGGEST THAT THE MINIMUM PRODUCTION ESTIMATED TO BE 100,000 TONS BETWEEN OCTOBER 5, 1973 AND DECEMBER 31, 1973 SHOULD BE DISTRIBUTED IN THE FOLLOWING FORM: 30,000 TONS TO SIVENSA, 70,000 TONS AS A MINIMUM FOR SIDOR. QUANTITIES WHICH SHOULD BE SUPPLIED TO THESE COMPANIES WILL BE SET FOR THE FOLLOWING YEAR. UNQUOTE.

3. ON OCTOBER 27 AT INAUGURATION OF US STEEL BRIQUETTING PLANT, MINISTER OF DEVELOPMENT REMARKED THAT IT WOULD BE ABSURD TO THINK THAT ANY BRIQUETTES WOULD BE PERMITTED TO LEAVE THE COUNTRY WHILE A NEED FOR THIS PRODUCT EXISTED IN THE NATION.

4. IN PRACTICE ORINOCO MINING COMPANY HAS NOT TO DATE REQUESTED AUTHORIZATION TO EXPORT ITS PRODUCTION OF BRIQUETTES (EXCEPT FOR ONE SMALL SHIPMENT FOR EXPERIMENTATION PURPOSES) KNOWING THAT ANY SUCH REQUEST WOULD DOUBTLESS BE DENIED.

5. EMBASSY BELIEVES THAT RESTRICTIONS PLACED ON EXPORTS OF IRON PELLETS AND BRIQUETTES BY GOVERNMENT OF VENEZUELA ARE NOT RPT NOT A COUNTERMOVE TO US GOVERNMENT EXPORT CONTROLS ON FERROUS SCRAP, BUT ARE DOMESTIC MEASURES TAKEN TO ASSURE THAT DOMESTIC NEEDS ARE MET BEFORE EXPORTS ARE PERMITTED. VENEZUELAN GOVERNMENT HAS ADDED ADVANTAGE OF HAVING BRIQUETTES SOLD LOCALLY AT LOW PRICE SPECIFIED IN JANUARY 18 RESOLUTION WHICH IS ROUGHLY \$29 PER TON.
MCCLINTOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, SUPPLIES, FERROALLOYS, EXPORT CONTROLS, INDUSTRIAL EXPORTS, METAL PRODUCTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Review Markings:

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